

STATE RETIREMENT SYSTEM
2000-2005 EXPERIENCE STUDY

Methodology

General methodology for all assumptions

- Study comprises the years January 1, 2000 through January 1, 2006
- Data used in this study was provided by the State Retirement Board and reflects the data used in the State actuarial valuations in each of these years
- Reconciliation of members completed for each year
- For each period in the 6-year experience study period (1/00 to 1/01, 1/01 to 1/02, 1/02 to 1/03, 1/03 to 1/04, 1/04 to 1/05, and 1/05 to 1/06), we determined the member experience relating to:
 - Retirement
 - Disability
 - Withdrawal (Turnover)
 - Salary increases
 - Post-retirement mortality
- Actual experience determined at each age (and/or years of service) for each assumption. For example, for retirement, we determined the actual number of members retiring at each age.
- Expected experience determined for each assumption. For example, for retirement, we determined the expected number of members retiring at each age based on the plan assumptions.
- An actual/expected (A/E) ratio was computed at each age for each assumption.
- Reviewed experience results and used various smoothing techniques to select final assumptions
- Analysis reflects a review by age, service and job group:
 - Group 1- general employees
 - Group 2- certain employees with hazardous positions
 - Group 3- state police
 - Group 4- generally public safety and correction officers
- Compared the results of the experience from this study, with the results of the experience from the study from 1995-2000

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Methodology (continued)

In addition to the general methodology that was used for each assumption outlined on the previous page, the following specific analysis was conducted:

Retirement

- Assumed a member retired if the member was eligible to retire at the beginning of a period and is not in the active file at the end of the period
- Analyzed results for Groups 1 and 2 by gender
- Analyzed results separately for members over age 70

Disability

- Results modified to reflect that some members retire from an inactive status as opposed to an active status
- Compared results to historical disability counts from PERAC disability unit
- Analyzed results by the percentage of disabilities that are job-related (accidental) compared to non-job-related (ordinary)
- Analyzed results in 5-year age brackets in selecting assumptions

Withdrawal

- Assumed a member withdrew if the member was not eligible to retire at the beginning of the period and is not in the active file at the end of the period
- Analyzed results by service and age/service combined in addition to age
- Analyzed results in 5-year age brackets in selecting assumptions

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Methodology (continued)

Salary Increases

- Determined ratios of salaries at the end of the year to salaries at the beginning of the year for continuing members
- Analyzed results by service and age/service combined in addition to age
- Analyzed results in 3-year and 5-year age brackets in selecting assumptions

Post-Retirement Mortality

- Assumes a member died if they were coded as receiving an allowance at the beginning of the year and were coded as not receiving an allowance or are missing from the file at the end of the year
- Analyzed results by gender
- Analyzed results by job group
- Adjusted results for each Group to reflect retiree deaths with continuing payments to beneficiaries
- Compared actual experience for each Group to the RP-2000 mortality table
- Performed testing for disabled retired members separately by gender
- Analyzed results in 5-year age brackets in selecting assumptions